

**ASSEMBLY BILL**

**No. 2419**

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**Introduced by Assembly Member Cook**

February 19, 2010

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An act to add Section 7127 to the Business and Professions Code, relating to contractors.

LEGISLATIVE COUNSEL'S DIGEST

AB 2419, as introduced, Cook. Contractors: workers' compensation insurance coverage.

Existing law requires private employers to secure the payment of compensation by obtaining and maintaining workers' compensation insurance or to self-insure as an individual employer or as one employer in a group of employers. The Contractors' State License Law requires every licensed contractor to have on file at all times with the Contractors' State License Board a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance, or a statement certifying that he or she has no employees and is not required to obtain or maintain workers' compensation insurance coverage.

This bill would authorize the registrar of contractors to issue a stop order to any unlicensed contractor who has failed to secure workers' compensation insurance coverage for his or her employees. The bill would make a failure to comply with the stop order a crime, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 7127 is added to the Business and  
2     Professions Code, to read:  
3     7127. If an unlicensed contractor has failed to secure the  
4     payment of compensation as required by Section 3700 of the Labor  
5     Code, the registrar may, in addition to any other administrative  
6     remedy, issue and serve on that person a stop order prohibiting the  
7     use of employee labor. Failure of any employer, officer, or any  
8     person having direction, management, or control of any place of  
9     employment or of employees to observe a stop order issued and  
10    served upon him or her pursuant to this section is a misdemeanor  
11    punishable by imprisonment in the county jail not exceeding 60  
12    days or by a fine not exceeding ten thousand dollars (\$10,000), or  
13    both.  
14    SEC. 2. No reimbursement is required by this act pursuant to  
15    Section 6 of Article XIII B of the California Constitution because  
16    the only costs that may be incurred by a local agency or school  
17    district will be incurred because this act creates a new crime or  
18    infraction, eliminates a crime or infraction, or changes the penalty  
19    for a crime or infraction, within the meaning of Section 17556 of  
20    the Government Code, or changes the definition of a crime within  
21    the meaning of Section 6 of Article XIII B of the California  
22    Constitution.